

Executive Summary

The Bay Area's phenomenal growth has led to unprecedented economic prosperity for many of those who live here. However, the region's desirability has made it increasingly expensive. As the gap in wages for workers in highly skilled positions and in the retail and personal services sector has grown, lower wage workers have been left behind-particularly as housing costs have skyrocketed.

By the year 2005, the population in the Bay Area is expected to grow by 450,000. Providing sufficient housing for this growth is crucial if we are to maintain the region's social and economic vitality. The mismatch between the location of jobs and housing is already straining the region's roadways and environment.

As the cost for housing near job centers has risen, workers have sought more affordable housing in communities farther and farther away from their jobs, compounding traffic congestion. This trend is not uncommon in many of the booming regions in California.

To respond to state population and household growth, and to ensure the availability of decent affordable housing for all income groups, the State of California enacted law that requires the Association of Bay Area Governments (ABAG) and other councils of governments (COG) to periodically distribute the state identified housing need for their regions.

The state Department of Housing and Community Development (HCD) is responsible for determining this regional need, initiating the process by which each COG must then distribute their share of statewide need to all jurisdictions within its region.

After a two and a half year process, ABAG has completed the Regional Housing Needs Determination (RHND) process and prepared this summary document for the 2001 - 2006 housing element cycle.

This report responds to state law requirements, describing the RHND process and the methodology used to quantify the housing needs for existing and future residents of the San Francisco Bay Area.

Introduction

State Housing Element Law enacted in 1980 (Chapter 1143, Statutes of 1980; AB 2853) requires the Association of Bay Area Governments and other councils of governments in California to determine the existing and projected regional housing needs for persons at all income levels. ABAG is also required by law to determine each jurisdiction's share of the regional housing need in the nine-county Bay Area.

This report responds to the requirements of State Housing Element Law for the San Francisco Bay Area Region. It describes the process and methodology used to estimate existing and projected regional housing need, consistent with specific statutory requirements identified in State Housing Element Law.

Contents of this Report

Chapter I A provides a brief overview and timeline of the Regional Housing Needs Determination (RHND) process. Chapter I B of the report includes a regional profile of the nine-county Bay Area and provides snapshots of the changing demographic profile, job growth and employment patterns as well as the increasing bifurcation in household income growth, all of which impact housing issues in the area. Chapter I C describes the current housing crisis in the Bay Area and briefly details the costs of underproducing housing, an important effect which will undercut the recent, phenomenal Bay Area economic growth. Chapter I provides the backdrop against which the RHND methodology was developed.

Chapter II of this report describes the methods and policies for calculating regional housing need. Chapter II A shows how specific statutory requirements were taken into consideration. It also includes the final allocation tables identifying each city and county's share of the regional housing needs determinations.

Changes in Housing Element Law since the last RHND (1989) cycle have been detailed in Chapter II B while a full explanation of ABAG's methodology is available in Chapter II C.

Chapter II D describes the local government review process. State law provides a 90-day waiting period for Boards of Supervisors and City Councils to consider the RHND allocations for respective jurisdictions. A city or county may then request a revision of its share of regional housing needs based on available data and accepted planning methods. ABAG's acceptance or rejection of a local government's revision must take place within 60 days following this Revision period. Chapter II E describes policies and guidelines for the transfer of housing need responsibilities during the 1999-2006 RHND planning time frame.

Additional technical information is contained in the Appendices. Appendix A contains relevant correspondence between ABAG and the state Department of Housing and Community Development (HCD) staff. Appendices B, C and E contain text pertaining to Housing Element Law, relevant Assembly Bills, and the Attorney-General's Opinion. Appendix D provides an overview of ABAG's *Projections* modeling system and the assumptions used to prepare the forecast. Appendix F contains an analysis of overpayment by owners and renters in the region. Appendix G contains the revision guidelines, criteria and definitions used by the RHND process and Appendix H summarizes each jurisdiction's proposed revision and ABAG staff's recommended action. Appendix I contains a summary of appeal resolutions made by ABAG's Appeals Committee.

This Report is available in both print and CD formats. The print format is brief and contains Chapter I and Chapter II. Appendices A through I are available only on CD format. The CD format also contains a searchable index.